

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00 SS-15

SP-02 L-02 H-02 NSC-05 EB-07 CIAE-00 INR-07 NSAE-00

FAA-00 DOTE-00 PM-03 DODE-00 OMB-01 TRSE-00 MC-02

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O 271401Z MAR 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 8650

INFO USDOC WASHDC IMMEDIATE

C O N F I D E N T I A L MOSCOW 4218

E.O. 11652 GDS

TAGS: ETRD, ETRN, EEWT, ESTC, UR, US

SUBJECT: SPERRY-UNIVAC BID FOR SOVIET AIR TRAFFIC CONTROL CONTRACT

REF: A. MOSCOW 4177 B. MOSCOW 3802 C. STATE 50088

D. STOCKHOLM 1153

1. KORNIYENKO TOLD ME AT LUNCH MARCH 27 THAT HE HAD LOOKED INTO SPERRY-RAND CONTRACT PROPOSAL AND COULD ASSURE ME FIRST OF ALL THAT THERE WAS NO POLITICAL ASPECT TO SOVIET HANDLING OF THE AIR TRAFFIC CONTROL SALES PROPOSALS. HE THEN NOTED THAT HIS INQUIRIES INTO THE QUESTION (REF A) INDICATED THAT SPERRY-UNIVAC PRICE FOR ATC SYSTEM WAS ABOUT TWO AND ONE-HALF TIMES THE COST QUOTED BY STANSAAB ELEKTRONIK, THAT THE EXPORT LICENSE OBTAINED FROM THE USG FROM SPERRY DOES NOT RPT NOT INCLUDE COMPONENTS INCORPORATING LATEST IMPROVEMENTS WHEREAS STANSAAB OFFER DOES. KORNIYENKO THEN STATED THAT SOVIETS EXPECT SIGN PURCHASE CONTRACT FOR ATC SYSTEM WITH STANSAAB "TODAY OR TOMORROW."

2. TO MY REPLY THAT STANSAAB WOULD NOT BE IN POSITION TO PROVIDE US-DEVELOPED SOFTWARE PACKAGE, THAT THE SPERRY-UNIVAC SYSTEM WAS A PROVEN ONE ALREADY IN OPERATION, AND THAT STANSAAB MAY WELL BE UNABLE TO ARRANGE EXPORT APPROVAL FOR ANY COMPONENTS UTILIZING
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US TECHNOLOGY, KORNIYENKO REJOINED THAT STANSAAB CONTRACT PROVIDED

ASSURANCES ON SOFTWARE AND STATE-OF-THE-ART QUALITY OF ALL
ELEMENTS OF SYSTEM, AND THAT IF IN FACT SWEDES PROVED UNABLE LIVE
UP TO THESE COMMITMENTS THEY WOULD BE IN BREACH OF CONTRACT.
HE ADDED THAT COMPETITION FOR ATC SYSTEM HAD BEEN PARTICULARLY
FIERCE, FRENCH SALES EFFORTS HAD ALSO BEEN STRONG, AND THAT
WHILE LONG DELAY SPERRY-UNIVAC HAD ENCOUNTERED IN ARRANGING
EXPORT APPROVAL HAD BEEN FACTOR IN DECISION, WHAT DETERMINED CHOICE
HAD BEEN COST DIFFERENTIAL BETWEEN US AND SWEDISH PROPOSALS,
"THIRTY PERCENT WOULD HAVE BEEN UNDERSTANDABLE," BUT TWO HUNDRED
FIFTY PERCENT DIFFERENCE COULD NOT BE OVERCOME.
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, EQUIPMENT, AIR TRAFFIC CONTROL, CONTRACTS, TRADE AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MOSCOW04218
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750107-0460
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750310/aaaaailh.tel
Line Count: 72
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MOSCOW 4177, 75 MOSCOW 3802, 75 STATE 50088
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUN 2003 by KelleyW0>; RELEASED <11 JUN 2003 by izenbei0>; APPROVED <24 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPERRY-UNIVAC BID FOR SOVIET AIR TRAFFIC CONTROL CONTRACT
TAGS: ETRD, ETRN, EEW, ESTC, UR, US, SPERRY-UNIVAC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006